

STANFORD UNIVERSITY SCHOOL OF MEDICINE  
STANFORD MEDICAL CENTER  
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DEPARTMENT OF GENETICS  
Professor Joshua Lederberg

ITEM 3. Purchasing-Power Bond

I hear that the White House is toying with some encouragement of variable-interest mortgages. That reminded me of some ancient discussions about purchasing-power bonds, but my assistant was unable to uncover anything better than the attached.

Can you point me to any critical analyses of the idea? Experiments where it has been tried (other than in the guise of the gold-bond?)

I could also see a version that applied a discount for augmented services furnished by the govt. I would also see it as applying mainly to a non-transferable annuity investment.

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MEMO FROM  
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TO:

*Paul E. Ehrlich* (223) RO

MAR 25 1970

- 1) Slip of the pen -- or a partial solution to the world population excess (wipe out the unfree world?)
- 2) I don't understand the purpose of quoting unreliable figures that you don't trust, except to document and rebut them. Someone has surely estimated that we're consuming 110% of the world's resources. You won't enhance your credibility by wild attributions.
- 3) Do you happen to know what fraction of the total consumption is a) fuels; b) of domestic origin.
- 4) Have you considered what ~~would~~ happen to the economy of the LDC's if we did not purchase their raw materials? My own stress would be to seek out the ways in which we exploit the LDC's through direct and indirect manipulations of commodity prices. We have a dilemma-- how to reestablish fair prices without an incredible enrichment of the "mining interests" in the US.

\* De-conglomerate vertically integrated industries?

(A free market would allow a balance of interests so that a resource ~~not~~ about-to-be-depleted would be more profitably left in the mine. With large fixed overhead in other levels of the industry there is likely to be a misallocation of costs to optimize ~~instant~~ instant profit at posterity expense. But present efficiency might indeed be impaired by ~~such~~ a separation of interests in extraction versus exploitation of a mineral.)

*Oil-depletion tax allowance creates just perversity.*